



Growing Your Business

Table of Contents

Marketing	2
Payroll.....	3
Working Capital	4
Establishing a Sales Force	5
Distribution	6
Accessing External Markets & FX Distributions.....	7
Technology Considerations	8
Human Resource Issues	9
Alliances.....	10
Research and Development.....	11
New Markets.....	12
Staying Ahead.....	13



Marketing

You have your products or services, now how do you get them out to potential customers? By putting together a comprehensive marketing budget and learning which types of advertising and promotion will work best for you, you'll have no problems attracting new customers.

Getting to the Customer

Market research is vital to succeeding in business. Who will need your product or service? Is there a demand for it? Once you've answered these questions, you need to establish how you're going to distribute, what price to charge and how you're going to promote your service or product. Marketing begins with customers' needs and you should design a strategy to fulfill those needs.

Marketing Budgets

It takes money to make money. Setting funds aside for marketing is an essential part of running a business, but how can you best put this money to use?

Keeping up on your target market can be time consuming. It may be more cost effective for you to hire someone to research the changing needs of your customers and watch what your competition is doing, allowing you to concentrate on running the business. If you don't keep up with current trends and keep your prices competitive, you may find yourself losing customers.

Advertising and Promotion

You need to decide how you will advertise and promote your product or service. What medium will you use to advertise? There are dozens of ways to inform potential customers about your business; you need to decide which is the most cost effective for you. Whether it's a local flyer mail-out or a national television ad, the important thing to ask your self is whether you will generate enough profit from this campaign to more than cover the costs. Some forms of advertising are free, like something as simple as a sign on the sidewalk in front of your business or on the side of your vehicle.

Advertising isn't the only way to reach your market. You can promote your business in other ways: sponsor charity events, hold a contest, speak on the radio or at seminars. You can even keep a mailing list, and send your customers Christmas cards.

Marketing Companies

There are a lot of agencies that specialize in advertising and promoting businesses. They have the expertise in this area, but they do not have the intimate knowledge of your business. If you



do decide that outsourcing is right for your business, make sure that you find an agent that will meet all your needs.

Payroll

We all know how important it is to receive your paycheque on time, so it's important to remember this when you're the one handing out the money. Here are a few things that may help keep your payroll system running smoothly.

Paying Your Employees

Though it's of paramount importance to pay all of your bills in an accurate and timely fashion, the fact is that your employees rely upon and plan around their payment schedule. Even a 'minor' delay of a single day in receiving a paycheque can cause an employee serious hardship. Should such delays happen repeatedly, employee morale will drop, your employees may quit with little or no notice, and they may even report you to the Better Business Bureau.

Payroll Deductions

Payroll isn't simply a matter of multiplying hourly wage by hours worked, or even of issuing regular cheques for salaried employees. There are literally dozens of factors that figure in to a single paycheque. You need to know the regulations for overtime and vacation pay. You need to know how to make deductions for income tax, employment insurance and federal and provincial pension plans. You will need to pay worker's compensation costs to cover your employees in case they are injured.

Your Payroll Plan

Unless you are a professional accountant it's probably not a good idea to do your payroll yourself. There are numerous software packages that make payroll easier, but you'll still need good accounting skills, regardless of what software you use. The decision to hire an accountant or outsource your payroll will be largely based on the overall size of your company. The advantage of having an accountant handle your payroll is that all of your finances will be consolidated. The disadvantage is that payroll can be a lot of work, and as your business grows you may end up having to outsource payroll anyway.

Outsourcing Payroll

There are numerous companies that provide payroll service as their principle business. They almost never make mistakes, and you can rest assured that everything will be accounted for and will be in full compliance with all federal and provincial regulations, no matter how complex your payroll structure is.



Deciding on the payroll structure that is best for you and your employees is a critical step. Ideally, you want to maximize your administrative efficiency, while minimizing costs. It pays to investigate all of the options in order to implement a payroll plan that will work for you now, and into the future.

Working Capital

While it's important for your business to have a positive cash flow, it's not always easy - especially if your business is expanding. Learn a few things that will help ensure you have the working capital you need.

Managing Cash Flow

Having a positive cash flow simply means having more money coming in than going out. A positive cash flow is critical to the operation and success of your business, and is a key indicator of a healthy, well-run business. Unfortunately, especially in the beginning, maintaining a positive cash flow can be difficult.

There are two basic keys to maintaining a positive cash flow. First, you need to know how much cash is coming in and when, and second, you need to know how much cash is going out and when. The trick lies in balancing your income against your outlay. To do this, you need to be aware of a number of important factors. Is your business seasonal? Is your payment cycle in sync with your collection cycle? Are you managing your assets and inventory properly by purchasing only what you need, when you need it? In order to keep your finances running smoothly, you'll need to constantly evaluate all of these things and be prepared to change your practices as necessary.

Getting Paid

Unless your customers pay immediately on receipt of goods or service-if you run a café for example-then you may be in a position where you are extending credit. In this case, you'll need an effective system for monitoring and collecting receivables, and you'll require a clearly defined collection policy. All of your customers must be aware of your collection policy and you must be willing to enforce it in the event that a receivable becomes overdue.

Financing Resources

There are also financing options available that can help you maintain a positive cash flow. Operating loans can help you cover your regular costs in advance of collecting the receivables to pay them. The lender will use a percentage of your accounts receivable as collateral against an operating loan. Operating loans are not one-time loans, but are set up with a lender as a series of pre-approved, short-term loans with a maximum limit, saving you the hassle of having



to constantly negotiate new terms. Many new businesses require operating loans, but as your business grows, you'll ideally be able to operate without them.

Remember that First Credit Union is here to provide the advice you need and to help your business grow from a start-up to a self-sufficient operation.

Establishing a Sales Force

Becoming an employer isn't always as easy as it sounds. To find the right person for the job, you need to know what to look for and where to look. We have some advice to help you choose employees that are just right for you.

Becoming an Employer

If your business becomes too large to run by yourself, you may need to hire extra personnel to help out. The first step to becoming an employer is to get a Business Number, which will allow you to deduct income tax, Canada Pension Plan contributions and Employment Insurance premiums from your employee's wages. There are many rules and regulations to adhere to as an employer; make sure you comply with all of them before you bring new people on board.

Hiring: What to Look For

Of course you want to hire someone who can get the job done, but you also want someone you can get along with. You must be careful, however, when you interview potential employees. Avoid asking personal questions in an interview and stick to topics that relate directly to the duties you'll be asking them to perform. If you ask personal questions in an interview, and then give the job to someone else, you could be accused of discrimination.

It's also not a good idea to hire the cheapest labour you can get. It can be more expensive in the long run when you consider the supervision you may need, the training you have to provide and the rate of turnover that often accompanies low wage employees. It's a much better plan to hire more costly and more qualified workers who will get the job done right without any headaches.

Don't rush the hiring process. It's better to spend plenty of time and interview a lot of people than it is to hire the first qualified person that comes in the door. If you hire the right person the first time, the extra time spent will pay off - for you and your new employee.

Where to Look

There are a lot of options available to employers when looking for new personnel. Both the provincial and federal government have programs in place to put workers and businesses



together, and there are many private employment services that can help you find the right candidate. One of the more successful ways to find an employee is by advertising in your local papers. It's inexpensive, fast, and people searching for a job know to look there. The one method that has proven most effective overall is finding employees through referrals, acquaintances and other employees. In these cases, a lot of the initial screening process has been done for you. And best of all, it's free.

Distribution

It's important to find the best method of getting your product or service to where your customers can access it. It's equally important to find a secure way to get the supplies you need to operate. Here are some hints that may help.

Marketing Strategy

Your business is up and running. You've invested a lot of time and money to get your product or service just the way you want it. Now what? The first thing to do is find out which people will be buying your products. Who will your customers be? Once you've found this information, you need to devise a plan that will physically get your products and services into the proper market so people can buy them.

Distribution Channels

Distribution channels are the paths that products and services take to get from your business to your customers. These paths can be long and convoluted, involving wholesalers, distributors and retailers, or they can be as simple as selling directly to the public from your home. What method of distribution is right for you? How does your competition distribute? What can you afford? If other people or companies need to be involved in the distribution process, it's essential that you communicate well and know exactly which part of the operation each is responsible for.

Distribution Resource Planning (DRP)

DRP is a matter of looking at the needs you have compared to the resources available to you. This includes looking at the possible use of extra manpower, hired transportation, warehousing and other factors. Will you need to lease a truck and hire a full-time driver, or will you need to contract a much larger fleet? A good DRP will help you manage your inventory as well. You'll know exactly how much product you're shipping, where it's going, and when. The point is, whatever distribution method you choose, it must be reliable and safe for your product and your business, and it must be a method you can afford.



Getting Your Supplies

You never want to have operational downtime because you've run out of production supplies. To ensure this doesn't happen, you need dependable suppliers. Do your research and ask other businesses until you find a supplier with a solid record of filling their clients' needs. Even if you do sign up with a supplier that meets your needs, it's still a good idea to keep an eye out for something better and make sure your current supplier stays competitive. After all, business is still business.

Accessing External Markets & FX Distributions

There is a great deal of money to be made by reaching out to foreign markets. There are also important considerations to be made in choosing the appropriate markets and protecting your business against fluctuations in the Foreign Exchange Rate.

Foreign Exchange (FX)

If your business involves importing or exporting products to or from other countries, you're affected by the value of the Canadian dollar. If you provide a service in another country, you're similarly concerned with the rate of exchange. Foreign exchange is determined by the value of all the world's currencies in relation to one another.

While there is almost nothing you can do to affect the value of the Canadian dollar, there are some precautions you can take to make sure your business doesn't go under due to a fluctuation in FX. Learn more about protecting your profits and devise a strategy to manage your exposure to these changes.

Reaching New Markets

There are a lot of businesses competing for foreign markets in today's growing global economy. Fortunately, there are a few things you can do to help you gain a competitive advantage.

As with any business venture, you have to start with something that you're interested in and that you can do. Look around at some of the Canadian companies that have been successful in other countries. Your business may be able to use some of the strategies they employed.

Choose an appropriate market. Your target market must have a need for the product or service that you plan to provide; these new customers must also be able to afford a price that will allow you to profit. It's a good idea to choose a market in a culture that you are interested in, because spending time in that culture is essential to success. You'll have to travel there to do market research, establish contacts and keep up with changes in the market as your business prospers.



Do Your Research

It can be a challenge to expand your business outside your home province, let alone outside of Canada. Learning all of the regulations and researching the various options is time consuming, but essential to success. You have to accept that. Developing foreign markets is a long-term commitment, but one that can be very rewarding if handled wisely.

Technology Considerations

Almost every business involves technology to a degree. The internet is becoming more and more vital for businesses these days. Make sure you have the technology you need to be competitive, without going overboard.

Determining Your Technology Needs

Technology is an important part of any business. Whether you need a desktop computer for spreadsheets and an inventory database, or you need servers for a local intranet and broadband internet access for hundreds of employees, the fact is that technology is an important tool in modern business. You might be able to operate your business without a single computer, but if your competition is 'wired' you might find yourself left behind.

Determining your specific technology needs is simply a matter of informing yourself. Take stock of the tasks that need to be performed in order to operate your business effectively and determine which of those tasks can be made easier and more efficient through technology. There are many different ways you can determine what you need. Ask questions, go to the library, search the internet, or contact a technology consulting firm. By becoming an educated consumer, you will save time and money when it comes to purchasing, installing and operating new technology.

Doing Business On-Line

More and more businesses are looking to the internet as a way to reach a broader customer base and increase sales and profits. Establishing yourself on the web is reasonably inexpensive and straightforward. Having an e-commerce site will allow your business to receive orders from customers over the internet via secure credit card transactions. Combine this with the ability to ship your product, and your business could potentially serve customers around the globe.

Financing New Technology

Modern computers and servers can be expensive, and you need to take the time to determine exactly what you need before you spend the money. Hopefully your original business plan



accounted for the capital expenses of any technology purchases you are planning. If not you will need to look at the financing options available to you. In most cases, the best financing option for the purchase of assets is a term loan. Once you have a firm idea of what you will need to purchase and how much it's going to cost, contact us at First Credit Union and we can discuss the financing options available to you.

Human Resource Issues

If you started your business by yourself, the decision to hire extra help could bring problems. It can be hard to delegate authority, but it is a critical step in the growth of any business. Here are some things that may help.

New Employees

When you start your business you may be the only employee, or one of only a few. But as a business grows, you may need even more employees in order to meet the demands of a growing customer base. Eventually, you should step away from handling the everyday workload and into a more managerial role. This can be difficult, as up to this point you have probably tried to handle it all yourself. Now you will need to delegate the major responsibilities to key employees and be able to trust that they know what they're doing. The fact is that they may not be as proficient as you, but the costs of trying to do it all yourself as your business continues to grow are much higher than the cost of a few mistakes made by employees in the learning process.

Managing Employees

Delegating the workload to employees is relatively easy. Managing them, on the other hand, can be difficult. It's not enough to simply tell them what the end result needs to be; you need to make sure they are properly trained to do their jobs. You will probably need to promote some of your employees into supervisory roles, and you may even need a full time manager for day-to-day operations. You must be able to trust the people you hire or promote into these positions, because the success of your business will depend largely on their ability to do the jobs you've asked them to do.

Employee Relations

Part of managing your employees effectively is maintaining good relations with them. It goes without saying that you must treat all your employees with respect and courtesy, and that you can expect the same from them. However, things won't always run smoothly. In order to keep things moving as well as possible, you will need to establish clear rules and policies for all of your employees.



With firmly established policies in place, there should be no question about what is or is not appropriate behaviour on the job. If an employee presents a problem, you need to be prepared not only to react accordingly, but also to record any transgressions of your workplace rules or policies in a log. If you ever find yourself in the unfortunate position of having to fire an employee for repeatedly breaking with your policies, a log of past offences may protect you from being charged with wrongful dismissal.

Alliances

Sometimes two heads are better than one - especially if they both have unique skills that complement each other. Forming alliances can improve the products, services and customer base of any business. Think about it.

Joining Forces

Sometimes you can learn a lot from your competition, what they're doing right, what mistakes they make along the way. Your competition can also learn from you. Maybe your competitor is a genius when it comes to design and production, but has no idea how to market - while it just so happens you have a real knack for that aspect of the business. After keeping an eye on each other for some time, you may decide that you could increase profits by joining forces.

You don't have to limit your analysis of potential alliances to the person down the street. You can align yourself with businesses and companies from other countries to capitalize on the skills you have and different resources available to each of you. Nor do you have to limit your partnership to just one other business or even to a similar business. A coffee shop, a bookstore and a laundromat could form a very successful alliance, given the right circumstance.

There are things you should be aware of before you decide to form or join any alliance. First of all, you need to ascertain whether there's enough of a market to support both you and your potential partner. If there is, proceed with caution. Look closely at what each of you is bringing into the relationship and make sure that profits will be divided accordingly. Legal assistance and a solid contract are strongly advised.

Mergers and Takeovers

Two companies coming together is not always a matter of mutual agreement. If a business is in danger of going bankrupt, the owners may agree to merge with a competitor just to stay alive. In the case of a large, public company, the fate of the business could be in the hands of a shareholders majority. A predator company may approach a target company with a business plan, and even if the directors of the target company reject the plan, the shareholders of the company can accept the new offer and force a merger. This type of business practice is sometimes called an acquisition or a takeover.



Research and Development

Make sure you do as much research and development as possible, even if your business is making a good profit. There may be taxes you're unaware of or ways to cut overhead costs. It always pays to do research.

Taxes

Learn all about the various types of federal and provincial taxes that apply to you and your business. If you're federally incorporated, you have to pay taxes in monthly installments. If you're the sole proprietor, you include the income (or losses) of your business in your personal income tax - even in this situation, you may be required to pay taxes in installments.

There are a lot of tax regulations to be aware of when operating a business. Revenue Canada provides all of the information you need to make sure that your business complies.

A Home Office

Ask yourself if your business would benefit from having an easily accessible, public office space, or if a quiet office right in your own home would work best.

The main advantage of a home office is that you do not have to rent additional office space. Also, a portion of your rent or mortgage, utilities and other general home-related expenses can be used as a tax credit every year. You'll also save on transportation costs and it may allow you to spend more time each day with your family.

There can be disadvantages to a home office. Certain types of businesses are not allowed to operate in residential areas. Your home may be too hectic during the day to get a decent amount of work done, or you may find that you are tempted to work all day.

Weigh all the options and decide what type of office will best suit your business.

Outside Support

There are dozens of organizations, both governmental and private, set up to assist the business community. Do some research to learn about the programs, counseling and assistance available. A good place to start is your local Resources Development Canada Human Resources centre.

Research and development is crucial to the success of a business. Make sure you have - and use - all the information available to you.



New Markets

Once you've felt the excitement of success, it's natural to want to expand and increase your market. Before you do, take the time to make sure you're ready to open your business to any new market.

Should You Expand?

If business is going well, you may be thinking about expanding. Before launching into any new markets, there are some key things you must consider. First you'll want to make sure that the current success of your business is not a fad. Do some forecasting to make sure that the market will keep rising in your new area. You also want to take a very close look at the area you're expanding into. Is there a need for your product or service that hasn't been provided in the past? Make sure another competitor hasn't already gotten the jump on you, established themselves and cornered the market.

A New Market

Once you've established that the market's there, make sure that you're ready for the shift. You'll definitely need to change and expand your original business plan to reflect this move. You need to start running your small business as if it were a big business for awhile before you'll be able to tell if expansion will work for you.

Hard Facts

You will also need to consider the logistics of expanding. Do you have the capital you need to expand? Do you have enough trained staff to smoothly transition into a new market? Have you done your research and examined all of the legal considerations involved in expanding?

Are You Ready?

You also need to consider the added stress on yourself. Is it worth it? Many entrepreneurs have expanded their enterprises only to have their business take over their lives. Unchecked expansion may be great for the bottom line, but what are the other costs? When you first started your business, you probably hoped that one day you'd have more time to spend with your friends and family. By pushing to expand relentlessly, you may find your personal life falling apart around you.

Deciding whether or not to expand your business into new markets can be difficult and complicated, make sure you have all the facts before moving ahead.



Staying Ahead

The world of business is an unsteady one. As hard as it is to get to the top, it's just as hard to stay there. Always keep an eye on the competition and make sure you make the right moves to stay ahead.

New Challenges

If you've finally managed to get ahead in your business, you've probably attracted your competitors' attention. They'll be watching to determine what you do right, and learning from any mistakes you make. By setting a new standard, you've challenged them to do better, so now isn't the time to be complacent.

Using information to maintain a competitive advantage requires effective interpretation. Analyze the information to determine the strengths and weakness of your competitors, where they see opportunities, and what they see as a threat. From this basic analysis, you can start predicting their next actions.

Watching Your Competitors

Just as your competitors will keep an eye on you, you should also pay attention to them. There are three basic steps to monitoring your competition: collecting information, analyzing information and predicting the actions they'll take.

Predicting and Planning

If you own a restaurant, and your competitor is building a patio, it's easy to deduce that they're planning to increase their summer business. If you're the president of an investment brokerage and your competitors hire a dozen graduates from a local fine arts college, you may need to hire a professional analyst to figure out what they are up to. In any case, once you determine what your competition is planning, you need to decide how their actions will affect you. Do you want to compete directly, or let them test the waters first? If you try to 'build your own patio', you may find out the hard way that their plan was ill conceived. At the same time, if you don't compete, you could end up losing business. Whatever you do, your actions need to conform with your own long-term plans. Don't be unnecessarily reactive. Take the time to consider any new course, or you might find that suddenly you're the one trying to catch up.